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Claiborne Boys and Girls Clubs, Inc.
Financial Statements
For the year ended December 31, 2002

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 9/3/03

Claiborne Boys and Girls Clubs, Inc.
For the year ended December 31, 2002

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WILLIAM D. EDWARDS

Certified Public Accountant
A Professional Accounting Corporation
Member: AICPA / Society of LCPA'S

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Claiborne Boys and Girls Clubs, Inc.
Homer, Louisiana

I have audited the accompanying statement of financial position of Claiborne Boys and Girls Clubs, Inc., a nonprofit organization, as of December 31, 2002, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the club's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Claiborne Boys and Girls Clubs, Inc. as of December 31, 2002, and the changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.



Ruston, Louisiana
March 17, 2003

Claiborne Boys and Girls Club, Inc.
Statement of Financial Position
As of December 31, 2002

ASSETS	
Current assets:	
Cash and cash equivalents	\$32,591
Accounts receivable	11,178
Total current assets	<u>43,769</u>
Noncurrent assets:	
Furniture and equipment, net	<u>54,758</u>
TOTAL ASSETS	<u>\$98,527</u>
LIABILITIES AND NET ASSETS	
Current liabilities:	
Accounts payable	\$3,333
Accrued expenses	354
Total current liabilities	<u>3,687</u>
Net assets:	
Unrestricted	40,082
Temporarily restricted	54,758
Permanently restricted	0
Total net assets	<u>94,840</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$98,527</u>

See accountant's report and notes to the financial statements.

Claiborne Boys and Girls Club, Inc.
Statement of Activities
For the Year Ended December 31, 2002

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
REVENUE, GAINS, AND OTHER SUPPORT				
Unrestricted revenues, gains, and other support	34,860			34,860
Intergovernmental revenues, gains and other support	139,021			139,021
Net assets released from restrictions	4,655	(4,655)		0
TOTAL REVENUE, GAINS, AND OTHER SUPPORT	<u>178,536</u>	<u>(4,655)</u>	<u>0</u>	<u>173,881</u>
EXPENSES AND LOSSES				
Unrestricted expenses and losses	147,387			147,387
TOTAL EXPENSES	<u>147,387</u>	<u>0</u>	<u>0</u>	<u>147,387</u>
Change in net assets	31,149	(4,655)	0	26,494
Net assets as of beginning of year	8,933	59,413	0	68,346
Net assets as of end of year	<u>40,082</u>	<u>54,758</u>	<u>0</u>	<u>94,840</u>

See accountant's report and notes to the financial statements.

Claiborne Boys and Girls Club, Inc.
Statement of Cash Flows
For the Year Ended December 31, 2002

Operating activities		
Change in net assets		\$31,150
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization		4,654
Decrease in accounts receivable		(5,820)
Increase in accounts payable		(1,905)
Increase in accrued expenses		(1,634)
Net cash provided by operating activities		<u>26,445</u>
Investing activities		
Decrease in temporarily restricted assets		(4,655)
Net cash provided by investing activities		<u>(4,655)</u>
Financing activities		
		<u>0</u>
Net increase (decrease) in cash and cash equivalents		21,790
Cash and cash equivalents as of beginning of year		<u>10,801</u>
Cash and cash equivalents as of end of year		<u>\$32,591</u>
Taxes - cash basis	\$ 0	
Interest - cash basis	\$ 0	
 SUMMARY		
Cash in bank		<u>\$32,591</u>

See accountant's report and notes to the financial statements.

Claiborne Boys and Girls Club, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2002

	<u>Program Services</u>	<u>General & Administrative</u>	<u>Fund- raising</u>	<u>Total</u>
Salaries	\$60,184	\$11,284	\$3,761	75,230
Payroll taxes and fringe benefits	4,604	863	288	5,755
Accounting/auditing	7,553	1,416	472	9,442
Dues	1,915	359	120	2,394
Maintenance and repairs	814	153	51	1,018
Insurance	12,367	2,319	773	15,459
Supplies - office	1,266	237	79	1,582
Program supplies	3,058	573	191	3,823
Telephone	3,402	638	213	4,252
Travel/seminars	1,678	315	105	2,098
Utilities	10,661	1,999	666	13,326
Miscellaneous	6,684	1,253	418	8,355
Depreciation and amortization	3,723	698	233	4,654
TOTAL EXPENSES	<u>\$117,910</u>	<u>\$22,108</u>	<u>\$7,369</u>	<u>\$147,387</u>

See accountant's report and notes to the financial statements

Claiborne Boys and Girls Club, Inc.
 Combined Statement of Net Assets, and
 Changes in Net Assets - Budget and Actual
 For the year ended December 31, 2002

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Revenue, gains, and other support	165,000	173,881	8,881
TOTAL REVENUES	<u>165,000</u>	<u>173,881</u>	<u>8,881</u>
EXPENSES			
Salaries	80,000	75,230	4,770
Payroll taxes and fringe benefits	6,350	5,755	595
Accounting and auditing	5,000	9,442	(4,442)
Dues	0	2,394	(2,394)
Maintenance and repairs	2,600	1,018	1,582
Insurance	18,100	15,459	2,641
Supplies - office	2,400	1,582	818
Program supplies	4,250	3,823	427
Telephone	4,200	4,252	(52)
Travel and seminars	3,000	2,098	902
Utilities	11,800	13,326	(1,526)
Miscellaneous	11,050	8,355	2,695
Depreciation and amortization		4,654	(4,654)
TOTAL EXPENSES	<u>148,750</u>	<u>147,387</u>	<u>1,363</u>
CHANGE IN NET ASSETS	16,250	26,494	10,244
NET ASSETS, BEGINNING	<u>68,346</u>	<u>68,346</u>	<u>0</u>
NET ASSETS, ENDING	<u>\$84,596</u>	<u>\$94,840</u>	<u>\$10,244</u>

See accompanying auditor's report and notes to the financial statements.

Claiborne Boys and Girls Clubs, Inc.
Notes to the Financial Statements
For the year ended December 31, 2002

1. Summary of Significant Accounting Policies

A. Nature of Activities

The accompanying financial statements include only the operations of the Claiborne Boys and Girls Clubs, Inc., in Homer, LA. The Organization was formed to provide assistance to boys and girls of Claiborne Parish. The main sources of revenues are gifts from the public, allocations from grants, local dues and fund-raisers.

B. Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

C. Cash Equivalents

Cash equivalents consist of short-term, highly liquid investments, which are readily convertible into cash within ninety days of purchase.

D. Support and Revenue

Claiborne Boys and Girls Clubs, Inc. receives its support primarily from the Boys and Girls Clubs of America, and from the State of Louisiana, Department of Education. In the event revenues are restricted at the time of receipt by time or use, they are initially reported as restricted revenues and are then shown as reclassifications in the unrestricted category when the restrictions are satisfied either by passage of time or by expenditure for the specified purpose.

E. Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by donor. Amounts received that are designated for future period or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

F. Property and Equipment

Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair market value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be

Claiborne Boys and Girls Club, Inc.
Notes to the Financial Statements
For the Year Ended December 31, 2002

used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the club reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Club reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method. The Club has no capitalization policy.

Fixed assets are included on the balance sheet net of accumulated depreciation. Depreciation of all exhaustible fixed assets are charged as an expense against operations. Depreciation is computed using the straight-line method over the estimated useful lives with respect to major classes of depreciable assets as follows:

Buildings	10	years
Equipment	5-7	years
Improvements	25	years
Vehicles	3	years

G. Functional Allocation of Expenses

The costs of program services, administrative services and fund-raising expenses are allocated. At the current time, most costs are allocated based on an estimated of time spent by employees as 80% program services, 15% administrative services and 5% fund-raising.

H. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

I. Income Taxes

As an affiliate of the National Organization, the Club is a not-for-profit organization that is exempt from income taxes under section 501(c)(3) of the Internal Revenue Code.

2. Cash and Cash Equivalents

At December 31, 2002, the board has cash and cash equivalents (book balances) totaling \$32,591 as follows:

Demand deposits	\$32,591
Time deposits	<u>0</u>
Total	<u>\$32,591</u>

Claiborne Boys and Girls Club, Inc.
Notes to the Financial Statements
For the Year Ended December 31, 2002

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 2002, the board has \$37,479 in deposits (collected bank balances). These deposits are secured from risk by \$37,479 of federal deposit insurance and \$0 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

3. Grants and Grants Receivable

The grants receivable at December 31, 2002 are as follows:

Governor's Safe & Drug-free Schools - Homer	\$3,440
Governor's Safe & Drug-free Schools - Haynesville	2,076
TANF	2,323
Smart Choices - B&GC of Acadiana	862
Children's Trust Fund - OCS	1,457
Total	\$10,159

4. Donated Services and Use of Facility

The Club receives the use of its building from the Claiborne Parish Police Jury at no cost. The Club pays all other occupancy costs. The Club also has volunteers who work at no cost. These donations are not recorded on the books of the club.

5. Fixed Assets

As of December 31, 2002, fixed assets and organization costs consist of:

Equipment	\$27,391
Building improvements	43,281
Subtotal	70,672
Less accumulated depreciation	(15,915)
Total	\$54,757
Organization costs	\$621
Less accumulated amortization	(621)
Total	\$0

Equipment includes donations of \$8,124.

Claiborne Boys and Girls Club, Inc.
Notes to the Financial Statements
For the Year Ended December 31, 2002

6. Donated Materials

Donated materials and equipment are reflected as contributions in the accompanying statements at their estimated values at date of receipt. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of materials and equipment are recorded as unrestricted support.

7. Statement of Functional Expenses

This statement presents the allocation of the general operating account and the programs expenses.

8. Commitment and Contingencies

The Club has no long-term commitments at this time.

9. Compensated Absences

The Club does not have compensated absences.

WILLIAM D. EDWARDS

Certified Public Accountant
A Professional Accounting Corporation
Member: AICPA / Society of LCPA'S

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors and Members
Claiborne Boys and Girls Clubs, Inc.
Homer, Louisiana

I have audited the financial statements of Claiborne Boys and Girls clubs, Inc., a nonprofit organization, as of and for the year ended December 31, 2002, and have issued my report thereon dated March 17, 2003. I conducted my audit in accordance with generally accepted auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Claiborne Boys and Girls Clubs, Inc.'s financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Governmental Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Claiborne Boys and Girls Clubs, Inc.'s internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended solely for the information and use of the board of directors, members and management of Claiborne Boys and Girls Clubs, Inc. and the Boys and Girls Clubs of America, and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

William Edwards

Ruston, Louisiana

March 17, 2003

Claiborne Boys and Girls Clubs, Inc.
Summary of Prior Year Findings
For the Year Ended December 31, 2002

A. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS

01-1. Finding: The Club did not adequate internal control. The Club did not maintain support for disbursements and receipts. Several canceled checks could not be provided. Supporting documentation for contributions, membership dues, and fund raising receipts could not be presented for testing and analytical procedures. The Club did not prepare bank reconciliations each month for each cash account.

Recommendation: I recommend the Club Implement appropriate procedures to maintain support for each disbursement and receipt. Prepare monthly financial statements for board to ensure that bank reconciliations are prepared in a timely manner.

Conclusion: Resolved.

01-2. Finding: The Club's budgeted revenues and the budgeted expenses exceeded actual expenses by \$22,587 or 17.4%.

Recommendation: I recommend the Club adopt the budgets according to state law. The Club should monitor budget and actual figures and amend as necessary. Prepare monthly budget and actual reports for the board so that the board will know when the budget needs to be amended.

Conclusion: Resolved.

01-3. Finding: While testing payroll records, it was noted the general ledger did not reconcile with either the quarterly payroll reports (form 941) or the W-2s. After adjusting the books to agree to the W-2s, the effect of this miscalculation is the underpayment of payroll liabilities.

Recommendation: I recommend the Club recalculate the payroll liabilities, amend the quarterly payroll reports, and pay the tax accordingly.

Conclusion: Resolved.

B. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS

None

C. MANAGEMENT LETTER

None

Claiborne Boys and Girls Clubs, Inc.
 Schedule of Findings And Questioned Costs
 For the Year Ended December 31, 2002

I have audited the financial statements of Claiborne Boys and Girls Clubs, Inc. as of and for the year ended December 31, 2002, and have issued my report thereon dated March 17, 2003. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My audit of the financial statements as of March 17, 2003, resulted in an unqualified opinion.

A. Summary of Audit Results

1. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses Yes No Reportable Yes No

Compliance

Compliance Material to Financial Statements Yes No

2. Federal Awards

Internal Control

Material Weaknesses Yes No Reportable Yes No

Type of Opinion On Compliance
 For Major Programs

Unqualified Qualified
 Disclaimer Adverse

Are their findings required to be reported in accordance with Circular A-133, Section .510(a)?
 Yes No

3. Identification of Major Programs:

CFDA Number(s)	Name of Federal Program (or Cluster)
N/A	

Dollar threshold used to distinguish between Type A and Type B Programs: \$ 300,000

Is the audited a "low-risk" audited, as defined by OMB Circular A-133? Yes No

B. Financial Statements Findings

None

C. Federal Award Findings and Questioned Costs

None

CLAIBORNE BOYS AND GIRLS CLUBS, INC.
P. O. Box 777
Homer, LA 71040

CORRECTIVE ACTION PLAN
For the Year Ended December 31, 2002

Claiborne Boys and Girls Clubs, Inc. has no findings for the year ended December 31, 2002.